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ANNUAL REPORT TO STOCKHOLDERS

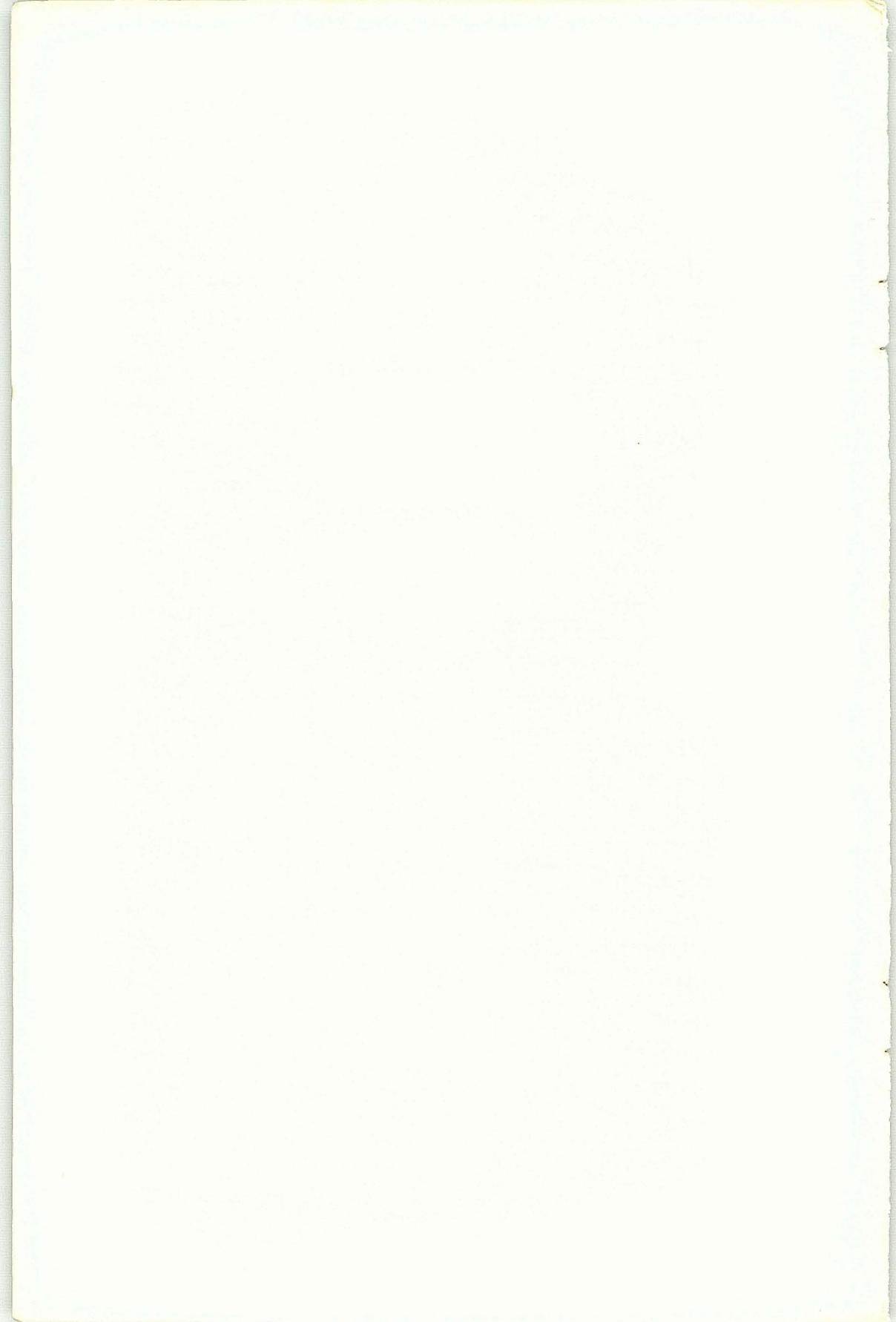


1941

THE COCA-COLA COMPANY
WILMINGTON, DELAWARE

BOARDS
\$14.18
0431

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ANNUAL REPORT
THE COCA-COLA COMPANY
AND ITS SUBSIDIARIES



FOR THE YEAR
1941



THE COCA-COLA COMPANY
WILMINGTON, DELAWARE

TO THE STOCKHOLDERS OF
THE COCA-COLA COMPANY:

The consolidated balance sheet and statement of operations for 1941 are submitted herewith. Net earnings applicable to common stock after taxes, Class "A" dividends, reserves and all charges were \$27,108,374.12.

Before providing for income and excess profits taxes, earnings were \$55,158,374.12 compared with \$41,404,752.20 in 1940. Provisions for taxes were \$26,250,000 as compared to \$12,520,000 in 1940.

The Company's business for the year was the largest in its history. Reserves for contingencies were increased and, continuing a long existing policy, inventories and commitments were maintained in keeping with the expansion of the business.

The volume of foreign operations as a whole was well sustained. Due to the difficulty of securing reports from many sections of the world, only those subsidiaries situated in the Western Hemisphere are included in the consolidated statement of operations. The net investment in subsidiaries not consolidated is shown in the balance sheet.

Through a plan of reorganization, the Company has acquired the entire capital stock of the Pacific Coast Coca-Cola Bottling Company, a parent bottling organization engaged in the distribution of Coca-Cola syrup in California, Washington and Oregon.

At the invitation of the War Department, a newly formed subsidiary, The Brecon Loading Company, contracted with the Federal Government to supervise the erection of, and to operate, a plant for the loading of propellant ammunition. Construction was completed and operations begun on January 1, 1942.

The steadily increasing volume of business, which has more than doubled since 1936, will of necessity be interrupted by wartime restrictions affecting the use of basic materials, as was the case in the last World War. We shall continue to cooperate in giving effect to the Government's emergency regulations while meeting as fully as possible the gratifying demand for our product from our armed forces at home and abroad, from war industries and from the public. Mindful of the responsibility the popular confidence in Coca-Cola places upon us, it is our purpose to maintain at all costs the character and quality of our product.

Respectfully submitted,

A. A. ACKLIN,
President.

R. W. WOODRUFF,
Chairman.

CONSOLIDATED
THE COCA-COLA COMPANY AND
December

ASSETS

CURRENT:

Cash on deposit and on call	\$ 8,172,755.69
Government securities—at cost:	
United States and Canadian—(Market value \$4,602,267.71)	4,600,506.54
Accounts receivable—trade (less reserve of \$42,746.96)	7,117,133.83
Inventory—merchandise including sugar stored in bonded warehouses (Priced at lower of cost or market)	<u>42,037,246.40</u> \$ 61,927,642.46

INVESTMENTS IN AND ADVANCES TO FOREIGN SUBSIDIARIES NOT CONSOLIDATED—Net

2,862,020.46

OTHER INVESTMENTS AND OTHER ASSETS:

Securities of affiliated domestic companies not consolidated—at cost	\$ 74,500.00
Accounts due from affiliated domestic companies not consolidated	5,439.84
Other security investments—at cost (Market value \$1,437,902.50)	594,974.01
Other receivables and miscellaneous	<u>1,821,861.94</u> 2,496,775.79

PROPERTY, PLANT AND EQUIPMENT—At cost:

Land	\$ 2,550,231.22
Buildings	15,244,768.17
Machinery and equipment	13,158,899.41
Containers	4,083,851.19
	<u>\$35,037,749.99</u>
Less reserve for depreciation	<u>7,512,120.90</u> 27,525,629.09

FORMULAE, TRADE MARK AND GOODWILL—

At cost	37,126,972.49
DEFERRED CHARGES	1,635,645.72
	<u>\$133,574,686.01</u>

BALANCE SHEET
ITS CONSOLIDATED SUBSIDIARIES

·31, 1941

LIABILITIES

CURRENT:

Accounts payable	\$ 6,015,772.35
Accrued expenses	97,368.45
Accrued taxes—including income, ex- cess profits and capital stock taxes .	<u>28,381,702.60</u> \$ 34,494,843.40

RESERVE:

For contingencies and miscellaneous operations	15,840,369.61
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CAPITAL STOCK:

Class "A"—No par value:	
\$3.00 preference dividend cumula- tive, callable at \$52.50 per share	
Authorized and originally issued 1,000,000 shares	
Less retired <u>400,000 shares</u>	
Issued and out- standing 600,000 shares	\$ 3,000,000.00

Common—No par value:

Authorized and issued 4,000,000 shares	25,000,000.00
	<u>\$28,000,000.00</u>

SURPLUS—Earned 55,239,473.00 83,239,473.00

\$133,574,686.01

NOTE—Assets of foreign subsidiaries consolidated in this balance sheet consist of net current, \$5,088,244.02, property, plant and equipment at depreciated cost, \$3,869,355.75; and other assets, \$1,077,491.22. Fixed assets are stated at rates of exchange prevailing at dates of acquisition, and net current and all other assets at rates of exchange prevailing at December 31, 1941. Earned surplus includes \$8,425,419.21 accumulated earnings of foreign subsidiaries consolidated herein.

CONSOLIDATED PROFIT AND LOSS STATEMENT
THE COCA-COLA COMPANY AND ITS CONSOLIDATED SUBSIDIARIES
Year Ended December 31, 1941

GROSS PROFIT	\$85,437,957.16
EXPENSES	
Selling, branch, administrative and general	28,341,636.53
OPERATING PROFIT	\$57,096,320.63
Other deductions	\$2,617,124.50
Less other income	679,177.99
	<u>1,937,946.51</u>
PROFIT BEFORE TAXES ON INCOME	\$55,158,374.12
Provision for income and excess profits taxes—estimated	26,250,000.00
NET PROFIT	<u><u>\$28,908,374.12</u></u>

NOTE A—Provision for depreciation of \$1,679,640.30 was charged to manufacturing and other expenses. Other deductions include interest paid \$17,273.45; and \$1,436,051.22 for additions to the reserve for contingencies and miscellaneous operations.

NOTE B—Net earnings of foreign subsidiaries consolidated herein and included in net profit shown above are \$638,275.44 in excess of dividends received from such foreign subsidiaries during the year.

CONSOLIDATED SURPLUS ACCOUNT

Balance—December 31, 1940	\$48,131,098.88
Net profit for the year ended December 31, 1941	28,908,374.12
<u>\$77,039,473.00</u>	
DEDUCTIONS	
Dividends paid in cash:	
CLASS "A":	
June 30, 1941—\$1.50 per share	\$ 900,000.00
Dec. 13, 1941—\$1.50 per share	<u>900,000.00</u> \$ 1,800,000.00
COMMON:	
Mar. 31, 1941—\$.75 per share	\$ 3,000,000.00
Jun. 30, 1941—\$.75 per share	<u>3,000,000.00</u>
Sep. 30, 1941—\$.75 per share	3,000,000.00
Dec. 13, 1941—\$.75 per share	
plus \$2.00 per share extra	<u>11,000,000.00</u> <u>20,000,000.00</u>
<u><u>TOTAL DIVIDENDS PAID</u></u> 21,800,000.00	
<u><u>SURPLUS—DECEMBER 31, 1941</u></u> <u><u>\$55,239,473.00</u></u>	

ERNST & ERNST
ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

TO THE BOARD OF DIRECTORS
THE COCA-COLA COMPANY
Wilmington, Delaware

We have examined the consolidated balance sheet of THE COCA-COLA COMPANY and its consolidated subsidiaries as of December 31, 1941, and the related consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the company and its domestic subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of these companies and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Statements as of December 31, 1941, for subsidiaries in Canada and Cuba and as at November 30, 1941, for other foreign subsidiaries consolidated herein, were furnished us as certified by other independent auditors. On account of prevailing conditions subsidiaries in foreign countries other than in the Western Hemisphere have been excluded from the consolidated financial statements and are stated in the balance sheet in the amount of the investments in and advances to these subsidiaries, less net losses absorbed in prior years. Contingency reserves are available to the extent necessary to apply against such investments and advances.

In our opinion, based upon our examination, and the statements of foreign subsidiaries consolidated, above referred to, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of THE COCA-COLA COMPANY and its consolidated subsidiaries at December 31, 1941, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST.

March 7, 1942.

THE COCA-COLA COMPANY

BOARD OF DIRECTORS

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W. C. BRADLEY	T. K. GLENN	E. W. STETSON
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W. C. D'ARCY	J. P. ILLGES	D. A. TURNER
S. C. DOBBS	HARRISON JONES	C. A. WICKERSHAM
Mrs. LETTIE P. EVANS	WINSHIP NUNNALLY	GEO. W. WOODRUFF
	R. W. WOODRUFF	

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C. H. CANDLER	T. K. GLENN	GEO. W. WOODRUFF
	E. W. STETSON	

OFFICERS

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HARRISON JONES	<i>Vice-President</i>
RALPH HAYES	<i>Vice-President</i>
W. P. HEATH	<i>Vice-President</i>
PRICE GILBERT, JR.	<i>Vice-President</i>
W. N. COCHRAN	<i>Vice-President</i>
B. NEAL HARRIS	<i>Vice-President</i>
T. CARL THOMPSON	<i>Vice-President</i>
HOMER B. THOMPSON	<i>Vice-President</i>
HAROLD S. SHARP	<i>Vice-President</i>
S. F. BOYKIN	<i>Vice-President and Treasurer</i>
GEORGE T. ADAMS	<i>Vice-President and Secretary</i>

GENERAL COUNSEL

JOHN A. SIBLEY

TRANSFER AGENTS

WILMINGTON TRUST COMPANY <i>Wilmington, Delaware</i>	GUARANTY TRUST COMPANY OF NEW YORK <i>New York, N. Y.</i>
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REGISTRARS

EQUITABLE TRUST COMPANY <i>Wilmington, Delaware</i>	CHASE NATIONAL BANK <i>New York, N. Y.</i>
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